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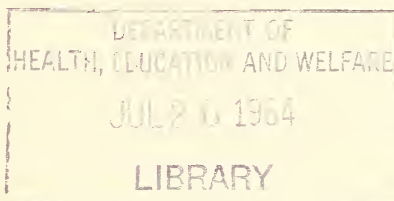
**EMPLOYMENT AND EARNINGS
OF SELF-EMPLOYED WORKERS
UNDER SOCIAL SECURITY**

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EMPLOYMENT AND EARNINGS OF SELF-EMPLOYED WORKERS UNDER SOCIAL SECURITY

Research Report No. 5

by George H. Trafton



U. S. DEPARTMENT OF
HEALTH, EDUCATION, AND WELFARE
SOCIAL SECURITY ADMINISTRATION
DIVISION OF RESEARCH AND STATISTICS

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FOREWORD

When the Social Security Act was amended in 1950 to bring nonfarm self-employment into coverage under old-age and survivors insurance for the first time, relatively little data were available on the earnings and work patterns of self-employed persons. Since then, the program's coverage also has been extended to farm operators, effective in 1955, and to most of the professional self-employed, beginning in 1956. As a result, the earnings records maintained by the Social Security Administration are now a unique source of information on the personal characteristics, the industrial and geographical distribution, and the employment and earnings of the great majority of the self-employed. The data in these records can contribute significantly to our knowledge of this important segment of paid employment.

This report presents some of the statistics that have been tabulated by the Social Security Administration regarding the covered employment and taxable earnings of self-employed workers under the old-age, survivors, and disability insurance program. The data were derived from a regularly maintained 1-percent statistical sample of all workers reported with earnings in employment covered by the program. We think the data and analysis presented here will be of value to anyone who is interested in the characteristics of self-employed persons.

IDA C. MERRIAM,
Director, Division of Research and Statistics.

APRIL 1964.

EMPLOYMENT AND EARNINGS OF SELF-EMPLOYED WORKERS UNDER SOCIAL SECURITY

On their income tax returns for 1960, some 7 million workers reported self-employment income that was taxable, and as such creditable toward benefits, under the Federal old-age, survivors, and disability insurance (OASDI) program. They represented about 10 percent of all workers with employment covered by OASDI in that year. Besides their taxable self-employment income, about 1.3 million of these self-employed workers also were paid taxable wages as employees.

Almost one-third of the self-employed in 1960 reported taxable self-employment income from farming.

The average annual earnings credits—both from self-employment and from wage work, if any—of workers reporting self-employment income taxable under OASDI were \$2,937 in 1960. Seven in 10 workers aged 65 and over reporting taxable self-employment income for 1959 were entitled to old-age insurance benefits at the beginning of 1960.¹

These figures, highlighting data presented in this report, are based on tabulations of a sample drawn from the records of the Social Security Administration. They were taken from reports of covered earnings filed with the Internal Revenue Service as part of the self-employed worker's income tax return and forwarded by that agency to the Social Security Administration, which keeps an account of each individual's earnings credits. These credits determine the worker's insured status and benefit amount under OASDI.

The OASDI program covers the major portion of self-employment in the United States, Puerto Rico, the Virgin Islands, Guam, and American Samoa.² Its coverage includes self-employment

¹ Preliminary sample data for self-employed workers in 1960 show that the comparable proportion at the beginning of 1961 was 8 in 10.

² Self-employment in Guam and American Samoa was first covered in 1961.

in a trade or business, whether farm or nonfarm, and most professional employment. The only self-employment completely excluded from coverage is that of the self-employed doctor. Ministers, members of religious orders, and Christian Science practitioners who elect to come under the program are covered as self-employed workers.

Most of the provisions of the OASDI program apply to all workers, whether employees or self-employed. The program does include a number of provisions that are applicable only to the self-employed and that affect their coverage, their taxable earnings and earnings credits, their contributions, and consequently their insurance status and benefit amounts.

1. To be subject to social security tax and therefore creditable for benefit purposes, a worker's annual net earnings from self-employment must be at least \$400. A farmer, however, whose gross farm income for a year is \$1,800 or less may, if he wishes, report two-thirds of his gross farm income as his net earnings from farming. If his gross farm income is more than \$1,800 but his net farm earnings are less than \$1,200, he may, if he wishes, report \$1,200.³ Under these options, a farmer is free to decide either to report or not to report taxable earnings from farming for a year in which his net earnings from farming were less than \$400.

2. The maximum amount of annual self-employment income on which a worker must pay a social security tax is \$4,800 minus the amount of taxable wages he may have been paid as an employee during that year. Thus, if a worker, in addition to having income from self-employment, is paid taxable wages of \$4,800, he is not taxed for social security on any of his self-employment income.

3. Generally, a worker is credited with 4 quarters of coverage for any year in which he had taxable self-employment income, even though this income was as little as \$400.

4. The social security contribution rate on taxable self-employment income is about one and one-half times the employee

³ For fiscal years ending in 1955 and before December 31 in 1956, the farmer was permitted to report as his net farm earnings 50 percent of gross farm income if it was \$1,800 or less, or \$900 if he had a gross farm income of over \$1,800.

contribution rate on taxable wages or about three-fourths of the combined employer-employee rate. In 1960, the contribution rate for the self-employed was 4.5 percent of taxable self-employment income.⁴

5. For social security tax purposes, a worker computes and reports his self-employment income as part of his Federal income tax return.

Data from the social security records on the personal characteristics and the reported employment and earnings experience of self-employed workers under OASDI provide useful information with respect to these workers. When used for an analysis of self-employment generally, however, the social security data must be interpreted with regard to their limitations. It must also be recognized that for a number of reasons these data are not comparable with data on the self-employed derived from other sources.⁵

The 1960 Census of Population, for example, reports 11.4 million persons with self-employment income in 1959. The data tabulated by the Social Security Administration from its records show a total of 7.1 million workers with self-employment income taxable under OASDI in that year. The difference is mostly due to the fact that the OASDI figure includes relatively few self-employed workers whose net earnings from self-employment in the year were less than \$400 and none who, in addition to having net earnings from self-employment, were paid wages of \$4,800 or more in the year.⁶ Other factors include the exclusion of self-employed doctors of medicine, differences in the definition of self-employment, and the fact that census data are obtained by household interviews while OASDI data are derived from Federal income tax returns.

⁴ The rate was increased to 4.7 percent in 1962 and 5.4 percent in 1963; it is now scheduled to rise to 6.2 percent in 1966 and 6.9 percent in 1968.

⁵ For a description of the self-employed based on data from other sources, see "Self-employment in the United States, 1948-62" by John E. Bregger, in *Monthly Labor Review*, Vol. 86, No. 1 (January 1963), pages 37-43. Also Joseph D. Phillips, *The Self-Employed in the United States*, Urbana, University of Illinois, 1962, Bulletin Series No. 88, 100 pages.

⁶ This amount was \$3,600 for taxable years beginning after 1950 and ending before 1955, and \$4,200 for taxable years beginning after 1954 and ending before 1959.

As previously stated, annual taxable self-employment income is limited by the \$4,800 maximum. Generally, workers reporting such income must also report their total net earnings from self-employment. While the self-employment income data in this report refer almost entirely to amounts taxable under OASDI, data are available and have been tabulated (see tables 11 and 12) on total net earnings from self-employment, including amounts above the taxable maximum.

Coverage

In the years 1951-54, before the 1954 amendments to the Social Security Act covering farm operators became effective, the number of workers reporting taxable self-employment income under the OASDI program ranged from 4.2 million in 1951 to 4.3 million in 1954 (table 1). With farm self-employment included for the first time, the number of self-employed workers reporting rose to 6.8 million in 1955. In 1956-60, years during which the coverage provisions affecting the self-employed remained unchanged,⁷ the number reporting taxable self-employment income ranged between 7.0 and 7.4 million.

A large amount of shifting in and shifting out of self-employment is probable because during the 10-years 1951-60 the number of workers reporting taxable self-employment income did not exceed 7.4 million in any one year but a total of 13.6 million dif-

TABLE 1.—*Number of workers reporting taxable self-employment income for each year and for any year in the 10-year period, 1951-60, by sex.*

[In thousands; preliminary beginning 1958]

Year	Total	Men	Women
1951.....	4,193	3,626	567
1952.....	4,241	3,685	556
1953.....	4,341	3,721	620
1954.....	4,349	3,664	685
1955.....	6,805	5,979	826
1956.....	7,394	6,498	896
1957.....	7,097	6,210	887
1958.....	7,200	6,300	900
1959.....	7,100	6,200	900
1960.....	7,000	6,100	900
1951-60.....	13,600	11,500	2,100

⁷ Most self-employment in a trade or business was first covered in 1951. Coverage was extended to farm operators and many professional workers in 1955. Additional professional workers and landlords who materially participate in farming activities were first covered in 1956.

ferent workers reported such income in one or more of these years. To some extent these figures reflect turnover resulting from the death and retirement of some self-employed workers and their replacement by others. Perhaps more important, however, has been the large movement of workers between self-employment and wage work. This movement is accelerated in periods of high economic activity, when many self-employed workers are attracted by the high wages available to them as employees, and in periods of recession, when wage and salary workers whose earnings are reduced by slack employment seek to improve their situation by becoming partly or wholly self-employed.

Because of this shifting between self-employment and wage and salary employment and also because of dual employment, 1.3 million or one-fifth of the workers reporting taxable self-employment income for 1960 also were paid wages in covered employment in that year (table 2). The proportion was larger for farm self-employment (23 percent) than for nonfarm self-employment (19 percent).

Personal Characteristics

Among the 7 million workers who reported taxable self-employment income for 1960, there were 900,000 women. Women thus comprised about one in every eight of the self-employed. By contrast, about one in every three wage and salary workers

TABLE 2.—*Type of self-employment of workers reporting taxable self-employment income for 1960, by sex.*

[Percentage distribution based on 0.1-percent sample data]

Type of self-employment	Total	Men	Women
Number (in thousands).....	7,000	6,100	900
Percent.....	100.0	100.0	100.0
Nonfarm self-employment only.....	69.0	66.6	84.6
Self-employment only.....	56.1	53.8	71.5
Self-employment and wage work.....	12.8	12.8	13.1
Farm self-employment only.....	28.2	30.3	14.9
Self-employment only.....	21.8	23.1	13.3
Self-employment and wage work.....	6.4	7.1	1.6
Nonfarm and farm self-employment.....	2.8	3.1	¹ 0.6
Self-employment only.....	2.2	2.5	¹ 0.5
Self-employment and wage work.....	0.6	0.6	¹ 0.1

¹ May be subject to substantial sampling error because of small number in sample cell.

in covered employment was a woman. Self-employed women accounted for only 3.5 percent of all women in employment covered by OASDI in 1960.

The proportion of women among the self-employed was about the same in each of the years 1956-60; it was somewhat larger in 1951-55, the years before farm self-employment was covered, because women form a smaller proportion of the self-employed in farming than in nonfarm industries.

To become self-employed in most industries, a worker must have acquired a skill and some capital. Hence, it is not surprising that relatively few of the workers who reported taxable self-employment income under OASDI for 1960 were under 30 years of age—7.0 percent of the men and 4.2 percent of the women (table 3). These proportions are in marked contrast to the corresponding figures for workers with taxable wages in 1960, among whom 33 percent of the men and 34 percent of the women were under age 30. Workers reporting self-employment income who also had wage credits as employees in 1960 were younger on the average than those whose taxable earnings came solely from self-employment.

The proportion in the older ages was larger for the self-employed than for the wage workers. Among the men 11 percent and among the women 16 percent of the workers reporting taxable self-employment income for 1960 were aged 65 and over. Among the workers with wage credits, the corresponding proportion was 4.2 percent both for men and for women.

In each successive 5-year age group from age 30 to age 64, a steadily increasing proportion of the men with earnings credits were workers with self-employment income, the proportion rising from 2.9 percent for those under 30 years of age to 25 percent for those aged 60-64 (table 4). There was little change at ages 65-69, but at ages 70-74 the proportion increased further to 29 percent, and at ages 75 and over it rose to 37 percent. For women there was a similar increase in the percent self-employed as age advanced, but in all age intervals the proportions were smaller than for men. These data suggest that proportionately more self-employed workers than wage workers continue in employment after age 70. They also indicate that some who for most of their lives were wage workers may engage in part-time or full-time self-employment after retiring from wage work.

TABLE 3.—Age distribution of workers reporting taxable self-employment income for 1960, by sex and type of taxable earnings.

[Percentage distribution based on 1-percent sample data]

Age in 1960	Total			Men			Women		
	Total employment only	Self-employment and wage work	Total	Total employment only	Self-employment and wage work	Total	Total employment only	Self-employment and wage work	Total
Number (in thousands).....	5,700	1,300	6,100	4,900	1,200	900	800		100
Percent.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0		100.0
Under 30.....	4.7	14.7	7.0	5.0	15.1	4.2	3.1		10.7
30-44.....	29.6	38.7	32.5	30.7	39.8	22.9	21.9		28.3
45-59.....	40.5	33.7	38.6	40.1	32.5	42.9	42.6		44.6
60-64.....	11.8	8.4	10.8	11.4	8.1	14.0	14.5		11.5
65 and over.....	13.4	4.4	11.0	12.7	4.4	16.0	17.9		4.9
65-69.....	6.8	2.9	5.8	6.5	2.9	7.6	8.4		3.2
70-74.....	3.7	1.0	3.0	3.5	0.9	4.4	4.9		1.4
75 and over.....	2.9	0.5	2.3	2.7	0.6	4.0	4.6		10.3

¹ May be subject to substantial sampling error because of small number in sample cell.

TABLE 4.—Percent reporting taxable self-employment income among workers with earnings credits for 1960, by age and sex.

[Based on 1-percent sample data]

Age in 1960	Total	Men	Women
Total.....	9.4	12.4	3.5
Under 30.....	2.0	2.9	0.4
30-34.....	7.1	9.4	1.9
35-39.....	8.9	12.1	2.3
40-44.....	10.6	14.5	3.3
45-49.....	12.4	16.7	4.4
50-54.....	14.1	18.8	5.3
55-59.....	16.7	21.1	8.0
60-64.....	20.5	24.9	10.5
65 and over.....	24.0	27.6	14.6
65-69.....	20.7	24.7	11.2
70-74.....	25.2	28.9	15.7
75 and over.....	35.1	36.5	30.5

Industrial and Occupational Characteristics

About 5.0 million or 72 percent of the 7.0 million workers reporting taxable self-employment income for 1960 had nonfarm self-employment in that year; about 2.2 million or 31 percent had farm self-employment (table 2). Included in each of these groups were about 200,000 workers, or 2.8 percent of the total, reporting taxable self-employment income from both farm and nonfarm activities.

The most recent year for which detailed data are now⁸ available on the industrial distribution of self-employed workers under OASDI is 1959. Thirty-five percent of the workers with taxable self-employment income under OASDI in 1959 were in agriculture, forestry, and fisheries (table 5). Two other industry divisions—wholesale and retail trade and the service industries—each accounted for another 23 percent of the self-employed. Most of the remaining one-fifth of the workers reporting taxable self-employment income in 1959 were in contract construction (8.7 percent) and finance, insurance, and real estate (4.0 percent). For men, who comprised a large majority of the self-employed, the distribution by industry division did not differ greatly from that for all self-employed workers; but for the

⁸ April 1964.

TABLE 5.—*Industry distribution of workers reporting taxable self-employment income for 1959, by sex and type of taxable earnings.*

[Percentage distribution based on 1-percent sample data]

Industry division of major job	Total			Men			Women			
	Total	Self-employment only	Self-employment and wage work	Total	Self-employment only	Self-employment and wage work	Total	Self-employment only	Self-employment and wage work	
	Number (in thousands)	Percent	Number (in thousands)	Percent	Number (in thousands)	Percent	Number (in thousands)	Percent	Number (in thousands)	Percent
Number (in thousands)	7,100	5,800	1,300	6,200	5,000	1,200	900	800	100	
Percent	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
Agriculture, forestry, and fisheries	35.2	34.0	40.5	37.4	36.1	42.8	19.5	19.8	18.0	
Mining	0.3	0.3	0.4	0.3	0.3	0.4	0.3	0.3	0.2	
Contract construction	8.7	8.1	11.5	9.9	9.2	12.6	0.8	0.8	0.9	
Manufacturing	2.5	2.7	2.0	2.6	2.8	2.0	1.9	1.9	1.8	
Public utilities ¹	2.8	2.5	4.2	3.1	2.7	4.5	0.9	0.8	1.1	
Wholesale and retail trade	23.4	24.8	17.4	23.0	24.4	17.2	26.4	27.5	19.8	
Finance, insurance, and real estate	4.0	3.9	4.2	3.8	3.8	4.1	4.9	4.8	5.4	
Services	22.9	23.7	19.4	19.8	20.6	16.2	45.0	43.8	52.1	
Not classified	0.2	0.2	0.3	0.2	0.2	0.3	0.3	0.2	0.8	

¹ Transportation, communication, electric, gas, and sanitary services.

TABLE 6.—Percent¹ reporting taxable self-employment income among workers with earnings credits for 1959, by industry division of major job, sex, and type of self-employment income.

[Based on 1-percent sample data]

Industry division	Total			Men			Women		
	Total employment only	Self-employment and wage work	Self-employment and wage work	Total employment only	Self-employment and wage work	Self-employment and wage work	Total employment only	Self-employment and wage work	Self-employment and wage work
	Total.....	9.8	7.9	1.9	12.9	10.3	2.6	3.7	3.2
Agriculture, forestry, and fisheries.....	54.4	42.4	12.0	56.4	43.5	12.9	37.2	32.4	4.8
Mining.....	1.8	1.3	.4	1.7	1.2	.5	3.4	3.1	.3
Contract construction.....	10.2	7.6	2.6	10.6	7.9	2.7	2.9	2.4	.5
Manufacturing.....	.8	.7	.1	1.0	.8	.1	.3	.2	(⁴)
Public utilities ²	4.2	3.0	1.2	5.1	3.6	1.5	.8	.6	.1
Wholesale and retail trade.....	7.9	6.8	1.1	10.8	9.2	1.6	3.0	2.7	.3
Finance, insurance, and real estate.....	6.9	5.5	1.4	10.4	8.2	2.2	2.4	2.0	.4
Services.....	12.2	10.2	2.0	18.5	15.5	3.0	6.0	5.0	1.0
Not classified.....	22.8	15.8	7.0	22.0	15.4	6.6	26.5	17.6	8.8

¹ Percentages may be slightly understated due to counting some workers twice in specified industry divisions (workers with self-employment and wages in the same industry division).

² Transportation, communication, electric, gas, and sanitary services.

³ Less than 0.05 percent.

women, a much larger proportion was in the service industries (45 percent) and much smaller proportions were in agriculture, forestry, and fisheries (20 percent) and in contract construction (0.8 percent).

Another measure of industry differences in self-employment is the proportion of covered workers in each of the major industry divisions who were self-employed (table 6). The proportion of male workers reporting taxable earnings from self-employment was 56 percent in agriculture, forestry, and fisheries, and 18 percent in the service industries. It was about 10 percent in contract construction, in wholesale and retail trade, and in finance, insurance, and real estate. Among the women workers, agriculture, forestry, and fisheries also showed the largest proportion of self-employed workers—37 percent. The service industries showed the next largest—6.0 percent.

In 1959 and 1960, almost one in every five workers reporting taxable self-employment income also earned wages as an employee. In 1959 the proportion with wage credits was as high as one in every four self-employed workers in mining; contract construction; and transportation, communication, electric, gas, and sanitary services (table 7). It was smallest—one in every seven—in wholesale and retail trade and manufacturing. Data on the occupational distribution of workers in covered employment are not available from social security records.

TABLE 7.—*Percent with wage credits for 1959 among workers reporting taxable self-employment income for 1959, by industry division in which self-employed, and sex.*

[Based on 1-percent sample data]

Industry division in which self-employed	Total	Men	Women
Total.....	19.2	20.0	14.0
Agriculture, forestry, and fisheries.....	22.1	22.8	12.9
Mining.....	25.1	27.2	9.1
Contract construction.....	25.4	25.5	15.9
Manufacturing.....	14.9	15.1	12.8
Public utilities ¹	28.7	29.2	17.8
Wholesale and retail trade..	14.3	14.9	10.5
Finance, insurance, and real estate.....	20.5	21.5	15.2
Services.....	16.3	16.4	16.2

¹ Transportation, communication, electric, gas, and sanitary services.

Geographical Distribution

Data on the geographical distribution of workers reporting taxable self-employment income for 1959 show that the less industrialized States comprising the West North Central and the East and West South Central Regions accounted for 33 percent of the self-employed, as compared with 22 percent of the wage workers in covered employment (table 8). By contrast, 21 percent of the self-employed, as against 29 percent of the covered wage workers, were in the New England and Middle Atlantic Regions. Compared with wage workers, there also was a slightly smaller proportion of the self-employed in the South Atlantic, East North Central, and Pacific Regions.

These differences in geographical distribution between the self-employed and the wage workers were chiefly the result of the regional distribution of the farm self-employed. There were no large differences between the nonfarm self-employed and the wage workers in the proportions in the various regions. The farm self-employed were much more heavily concentrated in the West North Central and East South Central Regions when compared with the wage workers, and they were also relatively

TABLE 8.—Regional distribution of nonfarm and farm self-employed workers and wage workers in covered employment in 1959.

[Percentage distribution based on 1-percent sample data]

Region	Self-employed ^{1 2}			Wage workers ^{2 3}
	Total	Nonfarm ⁴	Farm only	
Total.....	100.0	100.0	100.0	100.0
New England.....	4.6	5.9	1.3	6.5
Middle Atlantic.....	16.0	20.3	4.8	22.2
East North Central.....	20.1	19.8	21.1	21.1
West North Central.....	16.1	10.0	31.6	7.9
South Atlantic.....	11.9	12.3	10.9	13.5
East South Central.....	6.6	5.6	9.2	5.4
West South Central.....	9.8	9.5	10.6	8.2
Mountain.....	4.3	3.9	5.1	3.4
Pacific.....	10.6	12.7	5.3	11.7

¹ Includes workers with both self-employment income and wages.

² Excludes workers in Puerto Rico and the Virgin Islands, workers outside the United States, and workers not classified by region. Self-employed workers were classified in the State in which they filed their income tax return; wage workers were classified in State of major job.

³ Includes workers with both wages and self-employment income. Excludes workers whose major wage employment was in the uniformed services or on ocean-borne vessels.

⁴ Includes workers with both nonfarm and farm self-employment.

more numerous in the West South Central and Mountain Regions. The New England, Middle Atlantic, and Pacific Regions, with 40 percent of the wage earners and 39 percent of the nonfarm self-employed, accounted for only 11 percent of the farm self-employed reporting taxable earnings for 1959.

Taxable Earnings of Self-Employed Workers

In the following discussion of the earnings of self-employed workers, it will be helpful to keep in mind that for workers with both taxable self-employment income and wages, the data on "earnings credits" (tables 9 and 10) represent taxable earnings from both self-employment and wage work. Workers who had only self-employment during the year received all their earnings credits from self-employment. In tables 10 and 12, there are data on the taxable self-employment income of workers with wage employment. Tables 11 and 12 show total net earnings from self-employment unaffected by the taxable maximum and by any taxable wages the worker may have received.

TABLE 9.—*Earnings credits of workers in covered employment in 1960 by type of earnings credits and sex.*

[Based on 1-percent sample data]

Sex and earnings credits in 1960	Total	Self-employed			Workers with wage credits only
		Total	Self-employment only	Self-employment and wage work	
<i>Total</i>					
Number (in thousands)	72,600	7,000	5,700	1,300	65,600
Percent	100.0	100.0	100.0	100.0	100.0
Under \$600	15.5	4.3	5.2	0.9	16.7
600-1,199	10.8	13.2	14.4	8.0	10.6
1,200-1,799	9.0	15.0	15.4	13.1	8.4
1,800-2,399	8.1	10.1	9.6	12.0	7.9
2,400-2,999	8.0	8.9	8.3	11.4	7.9
3,000-3,599	7.4	7.8	7.2	10.5	7.3
3,600-4,199	6.8	6.5	5.9	9.2	6.8
4,200-4,799	6.2	5.8	5.0	8.9	6.3
4,800	28.2	28.5	29.0	26.1	28.1
Mean	\$2,795	\$2,937	\$2,878	\$3,185	\$2,780
Median	\$2,891	\$2,899	\$2,812	\$3,262	\$2,893

TABLE 9.—Earnings credits of workers in 1960 by type earnings, sex—Continued.

[Based on 1-percent sample data]

Sex and earnings credits in 1960	Total	Self-employed			Workers with wage credits only
		Total	Self-employment only	Self-employment and wage work	
<i>Men</i>					
Number (in thousands)	48,000	6,100	4,900	1,200	41,900
Percent	100.0	100.0	100.0	100.0	100.0
Under \$600	10.5	3.5	4.2	0.7	11.5
600-1,199	8.6	11.5	12.5	7.2	8.2
1,200-1,799	7.7	14.6	15.0	12.6	6.7
1,800-2,399	6.6	9.9	9.4	11.7	6.1
2,400-2,999	6.9	8.9	8.3	11.3	6.6
3,000-3,599	6.7	8.0	7.4	10.5	6.5
3,600-4,199	6.8	6.8	6.1	9.4	6.8
4,200-4,799	7.0	6.1	5.3	9.3	7.1
4,800	39.2	30.8	31.6	27.3	40.4
Mean	\$3,226	\$3,052	\$3,003	\$3,248	\$3,250
Median	\$3,869	\$3,117	\$3,057	\$3,357	\$3,978
<i>Women</i>					
Number (in thousands)	24,600	900	800	100	23,700
Percent	100.0	100.0	100.0	100.0	100.0
Under \$600	25.3	10.2	11.5	2.6	25.9
600-1,199	15.0	25.0	26.7	15.4	14.6
1,200-1,799	11.6	17.9	17.9	18.0	11.4
1,800-2,399	11.1	11.3	10.7	14.7	11.1
2,400-2,999	10.1	8.6	8.0	11.8	10.2
3,000-3,599	8.6	6.4	5.7	10.2	8.7
3,600-4,199	6.8	4.8	4.3	7.4	6.9
4,200-4,799	4.8	3.6	3.2	5.8	4.8
4,800	6.6	12.3	12.0	14.1	6.4
Mean	\$1,953	\$2,142	\$2,060	\$2,608	\$1,946
Median	\$1,690	\$1,663	\$1,541	\$2,362	\$1,692

Workers with taxable self-employment income are for the most part small farmers and small business men and this fact is reflected in their earnings in covered employment. In 1960,

half the workers reporting taxable self-employment income had earnings credits of less than \$2,899 for the year (table 9).

Median earnings credits in 1960 were \$3,117 for the self-employed men and \$1,663 for the self-employed women. These medians were less than the corresponding figures—\$3,978 and \$1,692—for men and women with wage credits only. Workers who supplemented earnings from self-employment by working for wages had substantially higher median earnings credits than those with only self-employment income.

The relative number of workers with earnings credits of less than \$1,200 in 1960 was smaller, but not much smaller, for the self-employed (15 percent of the men and 35 percent of the women) than for the workers with covered wages only (20 percent of the men and 40 percent of the women). While the men who were self-employed in 1960 thus included a smaller proportion of workers with low earnings credits as compared with the men who were wage workers only, they also included a smaller proportion—31 percent as compared with 40 percent—with earnings credits at the \$4,800 maximum. Among the women, a larger proportion of the self-employed (12 percent) than of the wage workers (6.4 percent) had maximum earnings credits.

These differences in the distributions by earnings credits interval are reflected in the average credits of the self-employed as compared with the workers with wage credits only. Average earnings credits of the self-employed men in 1960 were \$3,052, a lower figure than the average of \$3,250 shown for men with wage credits only.

For women the relationship was reversed: The average for the self-employed was \$2,142 as against \$1,946 for those with wage credits only. Because women, whose earnings are generally much lower than men's, comprised a much smaller proportion of the self-employed, the overall average earnings credits of the self-employed (\$2,937) was higher than the average for workers with wage credits only (\$2,780).

Table 10, which presents data on the average earnings credits of self-employed workers by age group, shows that the average in 1960 was highest at ages 25-49 for men (\$3,370) and at ages 50-59 for women (\$2,265). At ages 65 and over, the average was \$2,237 for men and \$1,824 for women.

Self-Employment Income

The taxable earnings of the self-employed include both their taxable self-employment income and, because some self-employed workers also work for wages, their taxable wages. Taxable self-employment income in 1960 accounted for 91 percent of the earnings credits of all the self-employed (table 10). It accounted for 57 percent of the earnings credits of those who also had wages. By age group, the proportion for men with both wages and self-employment income ranged between 55 and 60 percent, but for women it fell from 60 percent at ages under 25 to 45 percent at ages 65 and over.

TABLE 10.—Average earnings credits of workers reporting taxable self-employment income for 1960, and percent self-employment income, by sex, age, and type of earnings credits.

[Based on 1-percent sample data]

Sex and age in 1960	Total		Self-employment and wage work		Self- employment only
	Average earnings credits	Percent self- employment income	Average earnings credits	Percent self- employment income	Average earnings credits
Total . . .	\$2,937	91.0	\$3,185	57.0	\$2,878
Under 25	2,360	76.5	2,605	59.8	2,085
25-49	3,258	87.9	3,359	57.6	3,227
50-59	2,870	92.6	3,039	55.3	2,838
60-64	2,595	92.8	2,880	55.1	2,546
65 and over . . .	2,166	95.7	2,869	55.6	2,111
Men	3,052	90.9	3,248	57.1	3,003
Under 25	2,395	76.2	2,609	59.8	2,141
25-49	3,370	89.6	3,423	57.6	3,353
50-59	2,973	92.8	3,104	55.6	2,949
60-64	2,705	92.7	2,941	55.1	2,663
65 and over . . .	2,237	95.6	2,885	56.9	2,182
Women	2,142	91.9	2,608	55.3	2,060
Under 25	2,065	79.7	2,550	60.1	1,726
25-49	2,233	90.5	2,607	56.9	2,145
50-59	2,265	91.9	2,649	53.7	2,198
60-64	2,007	93.2	2,475	54.6	1,942
65 and over . . .	1,824	96.2	2,730	44.9	1,780

Taxable self-employment income constituted 8.8 percent of the taxable earnings of all workers in covered employment in 1960, and almost one-fourth of the taxable earnings of workers aged 65 and over.

Taxable self-employment income is only a part of total net earnings from covered self-employment. A worker's self-employment earnings in excess of \$4,800 in a year are not subject to social security tax, and the amount taxable is reduced below \$4,800 by any taxable wages received in the year.

The distribution of self-employed workers by amount of self-employment net earnings—both taxable and nontaxable—reported for 1960 is shown in table 11. For the workers with self-employment income only, the percentages in intervals under \$4,800 are the same as shown in table 9, but in table 11 it is shown that 11 percent of the self-employed men and 3.3 percent of the self-employed women who had no wages in 1960 had net earnings of \$9,600 or more. Among the self-employed workers with taxable wages in 1960, almost one-third of the men and about half of the women had less than \$1,200 in net earnings from self-employment, and only 4.2 percent of the men and 1.5 percent of the women reported self-employment net earnings of \$9,600 or more. These data suggest that most workers with both self-employment and wage work are self-employed workers engaging in wage work to supplement their low self-employment earnings and wage workers supplementing their wages with part-time self-employment.

In table 12, data are presented showing average total net earnings from self-employment in 1960 and the proportion taxable under OASDI for workers reporting taxable self-employment income for 1960. Overall, the proportion taxable was 62 percent, but it varied from more than 80 percent for workers with only farm self-employment to about 60 percent for workers with only nonfarm self-employment. The proportion was generally higher for women than for men. Although the maximum amount of self-employment income taxable under OASDI is reduced by any covered earnings the self-employed worker may have had in the year from wage work, the proportion of net earnings from self-employment taxable was slightly larger on the average for the self-employed with wage credits than for those with self-employment only—67 percent as against 62 percent.

TABLE 11.—*Net self-employment earnings of workers reporting taxable self-employment income for 1960, by sex and type of earnings credits.*

(Based on 1-percent sample data)

Net earnings from self-employment ¹	Total			Men			Women				
	Total	Self-employment only	Self-employment and wage work	Total	Self-employment only	Self-employment and wage work	Total	Self-employment only	Self-employment and wage work		
	Number (in thousands)	Percent	Number (in thousands)	Percent	Number (in thousands)	Percent	Number (in thousands)	Percent	Number (in thousands)	Percent	
7,000	100.0	5,700	100.0	1,300	100.0	6,100	100.0	4,900	100.0	900	100.0
Under \$600	6.2	5.2	10.5	5.3	4.2	5.3	4.2	4.2	11.5	12.5	18.1
600-1,199	16.2	14.4	23.7	14.6	12.5	14.6	12.5	12.5	26.7	27.5	32.1
1,200-1,799	16.4	15.4	20.5	16.1	15.0	16.1	15.0	15.0	17.9	18.2	19.8
1,800-2,399	9.9	9.6	11.2	9.8	9.4	9.8	9.4	9.4	10.7	10.8	11.4
2,400-2,999	8.3	8.3	8.1	8.4	8.3	8.4	8.3	8.3	8.0	7.6	5.7
3,000-3,599	6.9	7.2	5.6	7.1	7.4	5.8	7.4	7.4	5.7	5.4	3.4
3,600-4,199	5.6	5.9	4.3	5.8	6.1	4.5	6.1	6.1	4.3	4.1	2.4
4,200-4,799	4.6	5.0	3.2	4.9	5.3	3.2	5.3	5.3	3.2	3.0	2.1
4,800 and over	25.9	29.0	12.9	28.1	31.6	13.7	31.6	31.6	12.0	11.0	5.1
4,800-6,399	8.9	9.8	5.1	9.5	10.5	5.3	10.5	10.5	5.4	4.9	2.4
6,400-9,599	8.0	9.0	3.9	8.7	9.8	4.2	9.8	9.8	3.4	3.1	1.2
9,600 and over	9.0	10.3	3.9	9.9	11.3	4.2	11.3	11.3	3.3	3.0	1.5

¹ For a relatively small number of workers, net earnings include two-thirds of gross farm income.

TABLE 12.—Average net earnings from self-employment, average taxable self-employment income, and percent of self-employment net earnings taxable, by sex, and type of self-employment, 1960.

[Based on 0.1-percent sample data]

Sex and type of self-employment	Average net earnings from self-employment	Average taxable self-employment income	Percent taxable
Total	\$4,814	\$2,687	62.3
Self-employment only	4,707	2,898	61.6
Farm only	2,513	2,079	82.7
Nonfarm only	5,599	3,226	57.6
Farm and nonfarm	3,731	2,681	71.9
Self-employment and wage work	2,724	1,830	67.2
Farm self-employment only	2,029	1,723	84.9
Nonfarm self-employment only	3,049	1,867	61.2
Farm and nonfarm self-employment	3,210	2,185	68.1
Men	4,594	2,787	60.7
Self-employment only	5,055	3,025	59.8
Farm only	2,568	2,119	82.5
Nonfarm only	6,183	3,429	55.5
Farm and nonfarm	3,730	2,698	72.3
Self-employment and wage work	2,821	1,869	66.3
Farm self-employment only	2,043	1,738	85.1
Nonfarm self-employment only	3,231	1,925	59.6
Farm and nonfarm self-employment	3,275	2,224	67.9
Women	2,456	2,022	82.3
Self-employment only	2,565	2,119	82.6
Farm only	1,876	1,611	85.9
Nonfarm only	2,685	2,213	82.4
Farm and nonfarm	3,765	2,096	55.7
Self-employment and wage work	1,831	1,465	80.0
Farm self-employment only	1,593	1,291	81.0
Nonfarm self-employment only	1,869	1,492	79.8
Farm and nonfarm self-employment	727	727	100.0

Taxable Earnings of Self-Employed Workers Aged 65 and Over

The taxable earnings of self-employed workers who have reached the "retirement age" of 65⁹ are of special interest because of the effect these earnings may have on the extent to which self-employed workers become beneficiaries and, when beneficiaries, receive monthly benefits. The most recent data now available on the taxable earnings of self-employed workers aged 65 and over who were entitled to old-age insurance benefits are for 1959.¹⁰ In these data, the workers were classified by entitlement status on January 1, 1960.

At the beginning of 1960, about 70 percent of the workers aged 65 and over who reported taxable self-employment income for 1959 were entitled to retired worker benefits (table 13). The proportion entitled among workers with only wage credits in 1959 was practically the same (table 14). There was little difference between men and women in the percent entitled.

At ages 65-69, about 54 percent of the self-employed and 63 percent of the workers with only wage credits in 1959 were entitled to benefits at the beginning of 1960, but the proportions rose to 69 percent and 76 percent, respectively, at ages 70-71; at ages 72 and over it was 93 percent for each class of worker. At ages 65-71 almost all the workers of each class not entitled were either fully or currently insured.¹¹ At age 72 and over about one-third were uninsured.

In 1959, beneficiaries aged 65-71 who had earnings in excess of \$1,200 might have had one or more of their monthly benefits withheld under the earnings or "retirement" test. The earnings test did not apply to beneficiaries aged 72 and over. Thus, among all workers aged 65 and over, 35 percent of those reporting taxable self-employment income for 1959 and 25 percent of those with only wage credits for that year were not subject to the retirement test at the end of 1959 because they were aged 72 and over. Among those aged 65 and over who were entitled to retired-worker benefits on January 1, 1960, 47 percent of the self-employed and

⁹ Since 1956, fully insured women have been able to become old-age insurance beneficiaries at age 62 and receive benefits reduced because of early entitlement. This provision was extended in 1961 to include men.

¹⁰ For a definition of "entitled to old-age insurance benefits," see table 13, footnote 1.

¹¹ For a definition of "fully and currently insured," see table 13, footnote 2.

32 percent of the workers with only wages were not subject to the retirement test for this same reason.

Among workers aged 65-71 reporting taxable self-employment income, 44 percent of the men and 58 percent of the women had earnings of \$1,200 or less and so their covered employment would not have prevented them from receiving all 12 monthly benefits in that year¹² (table 15). For workers with wage credits only, the corresponding proportions were almost the same—42 percent for the men and 60 percent for the women (table 16). Among those in this age group who were entitled on January 1, 1960, 67 percent of the men and 73 percent of the women reporting taxable self-employment income for 1959, and 60 percent of the men and 73 percent of the women with only wage credits, had earnings credits of \$1,200 or less.

Under the retirement test as amended in 1960 and 1961, \$1.00 in benefits for the year is withheld for each \$2.00 of annual earnings up to \$1,700. For earnings in excess of \$1,700, benefits are withheld on the basis of \$1.00 for each \$1.00 of annual earnings. In 1959, the following proportions of the workers aged 65-71 with earnings in covered employment had earnings credits of \$1,800 or less:

	Total	Entitled January 1, 1960	Nonentitled January 1, 1960
<i>Men aged 65-71</i>			
Self-employed.....	53	77	22
Wage workers only.....	47	68	12
<i>Women aged 65-71</i>			
Self-employed.....	68	82	47
Wage workers only.....	68	83	35

For the self-employed and those with wage credits only, the proportion of workers aged 65-71 with earnings credits of more than \$4,200 in 1959 was larger for the nonentitled than for the entitled. For the men, a larger proportion of the wage workers

¹² Under the retirement test, earnings from noncovered employment as well as covered employment are counted in determining whether or not monthly benefits must be withheld because of earnings. Data on total annual earnings of workers under OASDI, including their earnings in both covered and noncovered employment, are not available.

TABLE 13.—Percent entitled to old-age insurance benefits and insurance status of the nonentitled on January 1, 1960, among workers aged 65 and over reporting taxable self-employment income for 1959, by sex and age.

Entitlement and insurance status	[Percentage distribution based on 1-percent sample data]							
	Total	65-69	70-71	72 and over	Total	65-69	70-71	72 and over
<i>Total</i>								
Number (in thousands)	825	432	105	288	—	—	—	—
Percent	100.0	100.0	100.0	100.0	100.0	52.4	12.7	34.9
Entitled ¹	69.8	54.4	68.8	93.4	100.0	40.8	12.5	46.7
Nonentitled	30.2	45.6	31.2	6.6	100.0	79.2	13.1	7.6
Insured ²	28.1	43.4	29.5	4.6	100.0	80.9	13.3	5.8
Uninsured ³	2.1	2.3	1.7	2.0	100.0	56.8	10.2	33.0
<i>Men</i>								
Number (in thousands)	675	360	84	231	—	—	—	—
Percent	100.0	100.0	100.0	100.0	100.0	53.3	12.4	34.2
Entitled ¹	70.2	54.1	68.9	95.6	100.0	41.1	12.2	46.7
Nonentitled	29.8	45.9	31.1	4.4	100.0	81.9	13.0	5.0
Insured ²	28.7	44.6	30.8	3.2	100.0	82.9	13.3	3.8
Uninsured ³	1.1	1.2	0.3	1.2	100.0	59.0	3.8	37.2

Women

	150	72	21	57	—	—	—
Number (in thousands)	150	72	21	57	—	—	—
Percent	100.0	100.0	100.0	100.0	47.9	13.9	38.2
Entitled ¹	68.2	55.6	68.6	83.9	100.0	14.0	47.0
Nonentitled	31.8	44.4	31.4	16.1	100.0	13.7	19.3
Insured ²	25.1	36.8	24.0	10.9	100.0	13.3	16.6
Uninsured ³	6.7	7.7	7.4	5.2	100.0	15.3	29.6

¹ A worker is "entitled to old-age insurance benefits" if, after filing application, he has been officially determined to be eligible and has been awarded retired worker benefits. A small proportion of the workers with taxable earnings in 1959 were deceased on January 1, 1960. These deceased workers were classified as entitled on that date if they had been entitled to old-age insurance benefits at the time of death or if a survivor was entitled to survivors benefits on their wage record on January 1, 1960. The relative number of these deceased workers was so small that the relationships shown by the data can be regarded as applying to the living workers.

² Either fully insured or currently insured. To be "fully insured" on January 1, 1960, a worker aged 65 and over ordinarily must have had quarters of coverage (whenever acquired) equal to half the number of quarters elapsed after 1950 and, for a woman, before the quarter in which she attained age 62, and for a man, before the quarter in which he attained age 65. The worker must have had at least 6 quarters of coverage. A worker was classified as "currently insured" on January 1, 1960, if he had at least 6 quarters of coverage during the 12 calendar quarters ending December 31, 1959.

³ Neither fully nor currently insured.

TABLE 14.—Percent entitled to old-age insurance benefits and insurance status of the nonentitled on January 1, 1960, among workers aged 65 and over with only taxable wages in 1959, by sex and age.

Entitlement and insurance status		[Percentage distribution based on 1-percent sample data]										
		Total	65-69	70-71	72 and over	Total	65-69	70-71	72 and over			
<i>Total</i>												
Number (in thousands)		2,565	1,586	346	633	—	—	—	—	—	—	—
Percent		100.0	100.0	100.0	100.0	100.0	13.5	24.7	100.0	61.8	13.5	24.7
Entitled ¹		72.1	62.9	76.3	93.1	100.0	14.3	31.9	100.0	53.9	14.3	31.9
Nonentitled		27.9	37.1	23.7	6.9	100.0	11.5	6.1	100.0	82.4	11.5	6.1
Insured ²		25.2	34.2	21.2	4.6	100.0	11.3	4.5	100.0	84.1	11.3	4.5
Uninsured ³		2.7	2.9	2.6	2.3	100.0	12.8	20.8	100.0	66.4	12.8	20.8
<i>Men</i>												
Number (in thousands)		1,785	1,079	236	470	—	—	—	—	—	—	—
Percent		100.0	100.0	100.0	100.0	100.0	13.2	26.3	100.0	60.5	13.2	26.3
Entitled ¹		71.7	60.7	75.7	95.0	100.0	13.9	34.9	100.0	51.2	13.9	34.9
Nonentitled		28.3	39.3	24.3	5.0	100.0	11.3	4.6	100.0	84.1	11.3	4.6
Insured ²		26.4	37.3	22.5	3.4	100.0	11.3	3.4	100.0	85.3	11.3	3.4
Uninsured ³		1.9	2.0	1.7	1.5	100.0	12.2	21.4	100.0	66.4	12.2	21.4

Women

Number (in thousands)	780	507	110	163	—	—
Percent	100.0	100.0	100.0	100.0	65.0	14.1
Entitled ¹	73.1	67.5	77.4	87.5	60.0	15.0
Nonentitled	26.9	32.5	22.6	12.5	78.4	11.8
Insured ²	22.3	27.8	18.2	8.0	80.9	11.5
Uninsured ³	4.6	4.7	4.3	4.5	66.4	13.3
						20.9
						25.0
						9.7
						7.5
						20.3

¹ A worker is "entitled to old-age insurance benefits" if, after filing application, he has been officially determined to be eligible and has been awarded retired worker benefits. A small proportion of the workers with taxable earnings in 1959 were deceased on January 1, 1960. These deceased workers were classified as entitled on that date if they had been entitled to old-age insurance benefits at the time of death or if a survivor was entitled to survivors benefits on their wage record on January 1, 1960. The relative number of these deceased workers was so small that the relationships shown by the data can be regarded as applying to the living workers.

² Either fully insured or currently insured. To be "fully insured" on January 1, 1960, a worker aged 65 and over ordinarily must have had quarters of coverage (whenever acquired) equal to half the number of quarters elapsed after 1950 and, for a woman, before the quarter in which she attained age 62, and, for a man, before the quarter in which he attained age 65. The worker must have had at least 6 quarters of coverage. A worker was classified as "currently insured" on January 1, 1960, if he had at least 6 quarters of coverage during the 12 calendar quarters ending December 31, 1959.

³ Neither fully nor currently insured.

TABLE 15.—Earnings credits of workers aged 65 and over reporting taxable self-employment income for 1959 by sex, age, and entitlement status on January 1, 1960.

[Percentage distribution based on 1-percent sample data]

Sex and earnings credits in 1959	Total	65-71			72 and over		
		Total	Entitled ¹	Non-entitled	Total	Entitled ¹	Non-entitled
<i>Total</i>							
Number (in thousands) . . .	825	537	307	230	288	269	19
Percent	100.0	100.0	100.0	100.0	100.0	100.0	100.0
\$1,200 and under . . .	45.6	46.1	67.8	17.1	44.6	44.1	52.1
1,201-1,800	11.3	9.4	9.9	8.8	14.7	14.9	11.3
1,801-2,400	8.1	7.1	4.9	9.9	10.1	10.3	8.2
2,401-3,000	6.0	5.7	3.7	8.4	6.6	6.6	6.2
3,001-3,600	4.8	4.9	2.8	7.8	4.5	4.4	5.2
3,601-4,200	4.0	4.3	2.2	7.2	3.3	3.2	3.6
4,201-4,800	20.2	22.4	8.6	40.8	16.2	16.4	13.4
<i>Men</i>							
Number (in thousands) . .	675	444	253	191	231	221	10
Percent	100.0	100.0	100.0	100.0	100.0	100.0	100.0
\$1,200 and under . . .	43.5	43.8	66.8	13.4	43.0	43.0	43.3
1,201-1,800	11.2	9.3	9.9	8.6	14.7	14.9	11.5
1,801-2,400	8.1	7.1	5.2	9.7	10.2	10.3	7.7
2,401-3,000	6.2	5.8	3.7	8.7	6.8	6.8	6.7
3,001-3,600	4.8	4.9	2.7	7.9	4.6	4.5	6.7
3,601-4,200	4.2	4.6	2.4	7.6	3.5	3.4	5.8
4,201-4,800	21.9	24.4	9.3	44.2	17.3	17.3	18.3
<i>Women</i>							
Number (in thousands) . .	150	93	54	39	57	48	9
Percent	100.0	100.0	100.0	100.0	100.0	100.0	100.0
\$1,200 and under . . .	55.5	57.8	72.8	36.7	51.6	49.6	62.2
1,201-1,800	11.6	9.7	9.6	9.8	14.6	15.3	11.1
1,801-2,400	8.1	7.0	3.8	11.4	10.0	10.2	8.9
2,401-3,000	5.5	5.2	4.0	6.9	5.9	6.0	5.6
3,001-3,600	4.6	5.0	3.4	7.2	4.1	4.3	3.3
3,601-4,200	2.7	2.9	1.5	4.8	2.3	2.6	1.1
4,201-4,800	12.1	12.5	4.9	23.1	11.4	12.1	7.8

¹ Entitled to old-age insurance benefits. Includes small percent who were deceased on January 1, 1960, and whose survivors were entitled to survivor benefits.

TABLE 16.—*Earnings credits of workers aged 65 and over with only taxable wages in 1959, by sex, age, and entitlement status on January 1, 1960.*

[Percentage distribution based on 1-percent sample data]

Sex and earnings credits in 1959	Total	65-71			72 and over		
		Total	Entitled ¹	Non-entitled	Total	Entitled ¹	Non-entitled
<i>Total</i>							
Number (in thousands)	2,565	1,932	1,261	671	633	589	44
Percent	100.0	100.0	100.0	100.0	100.0	100.0	100.0
\$1,200 and under	48.5	47.4	64.4	15.3	51.9	51.4	58.1
1,201-1,800	7.8	6.6	8.4	3.3	11.4	11.6	8.3
1,801-2,400	6.2	5.7	5.4	6.3	7.9	8.1	5.0
2,401-3,000	6.2	6.2	4.9	8.7	6.3	6.4	4.8
3,001-3,600	5.9	6.2	4.2	10.0	5.0	5.0	4.5
3,601-4,200	5.0	5.3	3.3	9.1	3.9	3.9	3.6
4,201-4,800	20.4	22.6	9.4	47.4	13.7	13.6	15.7
<i>Men</i>							
Number (in thousands)	1,785	1,315	833	482	470	447	23
Percent	100.0	100.0	100.0	100.0	100.0	100.0	100.0
\$1,200 and under	43.4	41.5	60.1	9.3	48.5	48.4	48.7
1,201-1,800	7.3	5.9	7.7	2.7	11.2	11.4	7.1
1,801-2,400	5.5	4.9	5.3	4.1	7.2	7.3	5.8
2,401-3,000	5.8	5.6	5.3	6.1	6.3	6.4	4.9
3,001-3,600	6.2	6.4	4.9	9.0	5.6	5.5	6.7
3,601-4,200	5.5	6.0	4.1	9.2	4.2	4.2	4.0
4,201-4,800	26.4	29.7	12.5	59.5	17.1	16.8	22.8
<i>Women</i>							
Number (in thousands)	780	617	428	189	163	142	21
Percent	100.0	100.0	100.0	100.0	100.0	100.0	100.0
\$1,200 and under	60.2	59.8	72.9	30.4	61.7	60.7	68.9
1,201-1,800	9.0	8.2	9.8	4.8	11.9	12.3	9.7
1,801-2,400	8.0	7.5	5.5	11.9	10.0	10.8	4.1
2,401-3,000	7.3	7.6	4.1	15.5	6.2	6.4	4.6
3,001-3,600	5.1	5.7	2.7	12.3	3.1	3.3	2.0
3,601-4,200	3.8	4.0	1.9	8.6	3.0	3.0	3.1
4,201-4,800	6.6	7.3	3.2	16.5	4.1	3.6	7.7

¹ Entitled to old-age insurance benefits. Includes small percent who were deceased on January 1, 1960, and whose survivors were entitled to survivor benefits.

than the self-employed had earnings credits in this high interval. For the women the reverse was true, as shown by the following percentages:

	Total	Entitled January 1, 1960	Nonentitled January 1, 1960
<i>Men aged 65-71</i>			
Self-employed.....	24	9	44
Wage workers only.....	30	13	60
<i>Women aged 65-71</i>			
Self-employed.....	12	5	23
Wage workers only.....	7	3	17

For some of the workers entitled on January 1, 1960, part or all of the earnings credits shown by the data probably resulted from employment in 1959 before the worker became entitled. Similar data are not now available for self-employed workers in 1959 entitled on January 1, 1959.

Among self-employed workers aged 72 and over, more than 90 percent of whom were entitled on January 1, 1960, 43 percent of the men and 52 percent of the women had earnings credits not exceeding \$1,200 in 1959. The corresponding proportions for the workers with only wage credits were 48 percent and 62 percent. For most of these workers, earnings of any amount would not have resulted in loss of monthly benefits.

Summary

About 10 in every 100 workers with OASDI earnings credits for 1960 reported taxable self-employment income for the year. Two of the 10 also were paid taxable wages as employees during the year. Probably a large majority of the self-employed workers had worked as wage earners before becoming self-employed and, because of the large amount of turnover in self-employment, it could be expected that many would return to wage work in later years.

As compared with wage workers, the workers with earnings credits from self-employment in 1960 included a much smaller proportion of women. Proportionately fewer were under age 30 and proportionately more were aged 65 and over. At ages 65 and over, almost one in every four workers with earnings credits for 1960 reported taxable self-employment income for the year.

About 3 in every 10 workers reporting taxable self-employment income for 1960 were farm operators. Almost one in every four of these self-employed farm operators also earned taxable wages during the year. About four in every five workers with taxable income from self-employment in 1959 worked in agriculture, wholesale and retail trade, or the service industries. For the most part, the self-employed are small farmers, small business men, independent craftsmen, service workers, and operatives.

On the average, the men reporting taxable self-employment income for 1960 received less, and the self-employed women received more, in earnings credits for the year than the men and the women with earnings credits from wages only. The overall average earnings credits of the self-employed were higher than the average for workers with wage credits only, since the wage worker's average was decreased substantially by the low average wages of the women. The workers with earnings credits from both self-employment and wage work had on the average more in earnings credits for 1960 than the workers who had taxable self-employment income only; almost half their earnings credits were from wage work.

Among the workers aged 65 and over reporting taxable self-employment income for 1959, about 7 in 10 had been awarded retired-worker benefits and were entitled at the beginning of 1960. Of those not entitled, 14 in 15 were insured. Almost half of all the self-employed aged 65 and over had \$1,200 or less in earnings credits for 1959; of those entitled, 6 in every 10 had \$1,200 or less.

At ages 65-71, where the OASDI earnings test applies, 2 of 3 of the entitled self-employed workers in 1959 were in the low earnings group in which no benefits were deductible under the retirement test.

The social security contribution rate on self-employment income is one and one-half times the rate paid by wage earners on covered wages. Although for the self-employed there is no matching employer contribution, Congress fixed the self-employment contribution rate at less than twice the employee rate in accordance with a recommendation of the 1948 Advisory Council on Social Security. The Council had supported its recommendation partly on the ground that self-employed workers tend to continue working at older ages and therefore receive old-age insurance benefits for fewer years than wage earners.

The data that have been presented suggest that the working life of a self-employed worker is a mixture of wage work and self-employment. Most self-employed workers were wage earners before they became self-employed; many earn wages in the years when they have self-employment income; and many will become wage earners after a period of self-employment.

Compared with workers in the younger ages, a relatively large number of workers aged 65 and over are self-employed, presumably because self-employed workers more frequently continue working in these older ages. Additional data not now available are needed to indicate the extent to which former wage earners become self-employed for the first time after reaching retirement age.¹³

Many workers who continue to have earnings after reaching age 65 may at the same time receive old-age insurance benefits. Workers aged 72 and over are not subject to the retirement test, and workers aged 65-71 who earn no more than \$1,200 in a year do not lose any monthly benefits because of their employment. In 1959 about 65 percent of the workers aged 65 and over with taxable self-employment income¹⁴ fell into one of these two categories and so their covered employment would not have prevented them from receiving monthly benefits under OASDI.

¹³ About 1 in every 12 workers aged 65 and over who reported taxable self-employment income for 1960 had never reported such income for any previous year.

¹⁴ The comparable proportion for workers who earned only wage credits in 1959 was 60 percent.



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SOCIAL SECURITY ADMINISTRATION

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